

# Indiana State Board of Accounts

## ***WHAT TO EXPECT FROM AN AUDIT and HOW TO PREPARE***

### Required Audit



- **Indiana Code 5-11-1-9**  
Requires the State Examiner to examine all accounts and all financial affairs of every public entity
- **Federal Grant Agreements**  
Federal grant agreements commonly call for an annual audit
- **Debt Covenants & Bond Rating Agencies**  
Most financial institutions and bond rating agencies accept the SBOA audit report for their purposes

## Goals of an Engagement



- **Provide Opinions on Financial Information Presented by Auditee**
  - Unmodified, or “clean” opinion, lets readers know the information is materially correct
  - Modified opinion lets readers know there are issues that need to be taken into consideration when it comes to the information presented
- **Provide Reader with Noncompliance of Federal Requirements for Major Programs and State Requirements**
  - Federal: Section II (Financial Statement Compliance); Section III (Major Program Compliance)
  - State: Audit Results and Comments (significant or impactful to the unit and/or public)
- **Provide Management with less Significant Noncompliance of State Requirements**
  - Management Letter – General Noncompliance with State Statute or SBOA Compliance Guidelines Manual

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## Prior to Start of an Engagement



### Necessary Information Prior to an Engagement:

- **Form 7 – Understanding Internal Controls**  
*General understanding of your city/town and existing controls/policies*
- **Form 9 – Understanding the Entity and its Environment**  
*Understanding of your specific city/town and the surrounding environment*
- **Form 45 – Understanding of Controls for Significant Audit Areas**  
*Controls in significant audit areas – like cash, receipts, disbursements, payroll, etc.*
- **Form 13 – Management Oversight of Nonaudit Services**  
*Acknowledgement of responsibility for financial statements*

## Entrance Conference



## Entrance Conference



### Who is invited?

- Those charged with governance – Council President
- Management – Fiscal Officer: Clerk-Treasurer or Controller

### What is discussed?

- Introduction to the Field Examiners that will be working on the audit
- General overview of:
  - Audit Objectives*
  - Management Responsibilities*
  - Audit Procedures (general, internal control, compliance)*
  - Informing Management of general records that will be requested*
  - Start date & expected issuance date*

## Entrance Conference



### Continuing Expectations

- Provide and inform attendees with a method to allow for continued communication throughout the audit process

### Field Examiners will:

- ✓ Explain the objectives of the engagement
- ✓ Explain what responsibilities management has
- ✓ Inform management of audit fees
- ✓ Answer any questions regarding the audit process

## Items / Records We Will Be Needing



- ❑ Financial Ledger
- ❑ Bank Statements and Reconcilements
- ❑ Claims / Receipts / Supporting Documentation
- ❑ Minutes of Meetings (include to current date)
- ❑ Ordinances / Resolutions
- ❑ Contracts
- ❑ Policies and Procedures – including Internal Controls
- ❑ Financial Reports – filed with State and/or Federal Government
- ❑ Grant Documents

*Federal*

*Grant Applications and Agreements are key*

## Single Audit of Federal Programs



- ❑ Schedule of Expenditures of Federal Awards (SEFA)
- ❑ Selection of Major Programs
- ❑ Audit of Major Programs

Federal Grant Agency Title/Program/Project Title	Federal CFDA Number	Pass-Through Entity or Direct Grant	Pass-Through Entity (or Other) Reporting Number	Pass-Through To Subgrantee	Total Federal Awards Expended
Department of Transportation	20.205	Indiana Department of Transportation	DS-16-0710215	\$ -	\$ 186,816
Highway Planning and Construction Cluster			DS-16-1400894	-	135,854
Highway Planning and Construction Cluster			DS-16-0700843	-	471,438
Road Construction - Linden Road from North River Rd. to Westville Road Construction - Broadway/Linden Road Road Construction - Broadway/Linden Road South Powers St. to North River Rd. Water Line Relocation for SR300				-	794,208
Total - Highway Planning and Construction Cluster				-	4,497
Highway Safety Cluster		City of Fort Wayne	DS-16-16220	-	7,275
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.816	City of Fort Wayne	DS-16-16135	-	11,772
Traffic Safety/DOT Traffsafe				-	805,976
National Priority Safety Programs				-	805,976
Traffic Safety/Cooperative Protection				-	805,976
Total - Highway Safety Cluster				-	805,976
Total - Department of Transportation				-	805,976
Total Federal awards expended				-	805,976

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## Identify Subsequent Events



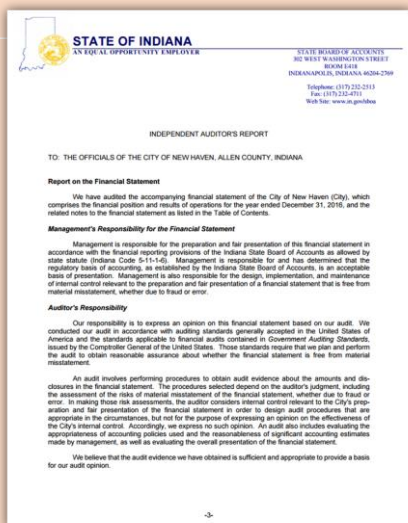
## What Happened After The Audit Period:

- Debt Issued
- Change in Financial Situation
- Lawsuits
- Any Other Situations with Material Impact

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## Concluding Fieldwork



## Determine Opinions

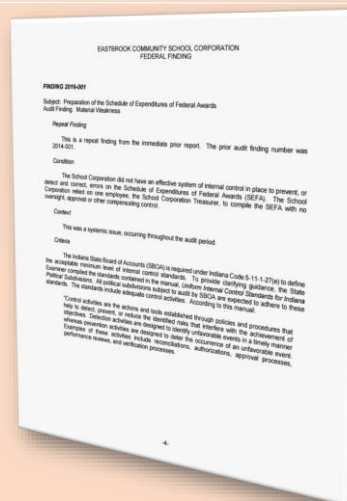
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## Concluding Fieldwork



## Compile Audit Findings/Comments



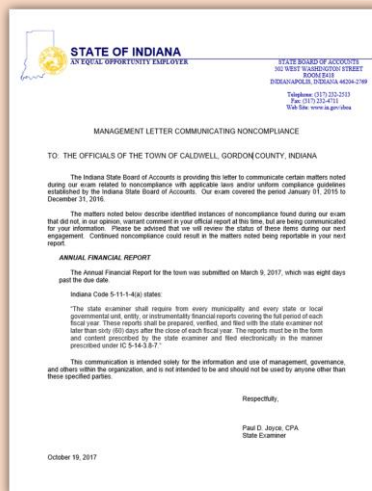
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## Concluding Fieldwork



### Compile Management Letter



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## Audit Conclusion & Exit Conference



### First Review by Audit Manager

#### Exit Conference

- ✓ Who is invited
- ✓ What is discussed
- ✓ Options to respond

### Second Review by Audit Coordinator

#### Office Review

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## Audit & Related Reports Issued



### Who gets a copy of reports?

- ✓ *Official(s) examined*
- ✓ *President of governing bodies*
- ✓ *Other Requested Officials*

### Audit Reports Posted to Website:

- ✓ <https://secure.in.gov/apps/sboa/audit-reports/##>

## Audit & Related Reports Issued



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## Audit Report Filings

This index of Audit Reports issued by the Indiana State Board of Accounts is updated each day with reports released the previous day. If you wish to receive a copy of an audit report that is not available for download, please contact our office at (317) 232-2513. The cost of copies of audit reports is ten (10) cents per page. To speed up the process, have the report file date and number available when calling. These items can be obtained from the results of this search.

SEARCH ⓘ

AUDIT YEARS ⓘ  
 TO

COUNTY ⓘ

UNIT TYPE ⓘ

Filters

50919 records found. SEARCH CLEAR

Report No. ▼	Unit Name ▼	Unit Type ▼	County ▼	Begin Date ▼	End Date ▼	Audit Type ▼
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## Contact Information



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